

CONFORMING LIMITS

	PURCHASE ¹		RATE/TERM REFINANCE ²		CASH-OUT REFINANCE	
	Max LTV/CLTV	MIN FICO	Max LTV/CLTV	MIN FICO	Max LTV/CLTV	MIN FICO
1 unit	100%	580 / NO FICO ²	100%/Unlimited	580	95/95%	640
2-4 units	100%	580 / NO FICO ²	100%/Unlimited	580	90/90%	640

¹No FICO is permitted on purchase transactions only-AUS to be run but will reflect ineligible due to lack of traditional credit. Manual underwriting guidelines would apply. Non-Traditional credit required.

²For purposes of program coding Rate/Term is technically a VA refinance of a non-VA loan, with no cash out for non-mortgage debt allowed. Technically this is a “cash out” transaction in accordance with VA guidelines and the transaction type for this loan will be “cash out” in the loan origination system.

*AK & HI conforming limit is \$679,650

*Conforming loans inclusive of Funding Fee over the maximum loan limit are considered high balance and must meet high balance guidelines.

HIGH-BALANCE

1-4 Units	PURCHASE			RATE/TERM REFINANCE			CASH-OUT REFINANCE		
	Max LTV/CLTV	Total Loan Amount	MIN FICO	Max LTV/CLTV ¹	Total Loan Amount	MIN FICO	Max LTV/CLTV ¹	Total Loan Amount	MIN FICO
Program: WGVHB30-000	100%	>\$453,100 +	620	100%	>\$453,100 +	620	90%	>\$453,100 +	640
Program: WGVJ30-000	100%	>\$453,100 +	720	100%	>\$453,100 +	720	N/A	N/A	N/A
Program: WGVHB51T-000	100%	>\$453,100 +	620	100%	>\$453,100 +	620	90%	>\$453,100 +	640
	100%	>\$1,000,000 +	700	100%	>\$1,000,000 +	700	90%	>\$1,000,000 +	700
Program: WGVJHB51T-017	100%	>\$453,100 to <=\$700,000	620	100%	>\$453,100 to <=\$700,000	620	90%	>\$453,100 to <=\$700,000	640
	100%	>\$700,000 to <=\$1,000,000	620	100%	>\$700,000 to <=\$1,000,000	620	90%	>\$700,000 to <=\$1,000,000	660
	100%	>\$1,000,000 to <=\$1,500,000	700	100%	>\$1,000,000 to <=\$1,500,000	700	90%	>\$1,000,000 to <=\$1,500,000	700

¹For subordinate liens that are HELOCs, the CLTV is determined by the FULL amount of the accessible credit line—OR—current balance, whichever is greater.

*AK & HI high balance minimum loan amount is \$679,650

**Manual Underwriting is not allowed on High Balance Loans.

VA MORTGAGE LIMITS FOR ALL AREAS: http://www.benefits.va.gov/homeloans/purchaseco_loan_limits.asp

Regardless of loan amount, the VA guaranty plus cash/equity must be equal to at least 25% of the purchase price or Notification of Value (NOV), whichever less, on purchases and non-IRRRL refinances.

(VA) Veterans Administration Mortgage Benefits

- Guaranteed by the Department of Veterans Affairs
- 100% financing (no down payment – primary home)
- 30-, 25-, 20- & 15-year fixed-rate and 5-year ARM loans available
- LHFS does not charge an admin fee on VA loans
- Credit scores as low as 580 qualify for VA loans
- Veterans receiving VA disability compensation are exempt from the VA Funding Fee
- Can be assumed by qualified persons
- VA limits certain closing costs a Veteran can pay

LHFS PROGRAM CODES

LHFS PROGRAM	PROGRAM CODE	LHFS PROGRAM	PROGRAM CODE
VA 30 Yr. Fixed	WGV30-000	VA Fixed 15 Rate/Term	WGV15RT-000
VA 25 Yr. Fixed	WGV25-000	VA Fixed 30 Cash Out	WGV30CO-000
VA 20 Yr. Fixed	WGV20-000	VA Fixed 15 Cash Out	WGV15CO-000
VA 15 Yr. Fixed	WGV15-000	VA 30 Yr. Fixed 30 DAP	WGV30DAP-000
VA Jumbo 30 Yr. Fixed	WGVJ30-000	VA 5/1 Arm	WVA51T-000
VA High Balance Fixed 30	WGVHB30-000	VA High Balance 5/1 Arm	WGVHB51T-000
VA Fixed 30 Rate/Term	WGV30RT-000	VA Jumbo High Balance 5/1 Arm	WGVJHB51T-017

ADDITIONAL VA PROGRAMS:

- [IRRRL – Interest Rate Reduction VA Loan](#)

HELPFUL LINKS:

- [LHFS VA Submission Checklist](#)
- [VA Handbook](#)
- [VA Loan Limits](#)

For specific scenario requests, please go to the eScenarios tab located in eXPRESS - www.LHFSWholesale.com, and post your scenario.

Guidelines are for use by mortgage professionals only and subject to change without notice.



VA – PURCHASE AND REFINANCE

PURCHASES

- LTV – Base loan amount may be up to 100% of the lesser of the purchase price or appraised value. The Veteran's entitlement must be sufficient to guarantee a minimum of 25% of the total loan amount excluding any financed VA Funding Fee. Conforming loans must be inclusive of Funding Fee at \$453,100. All loan amounts over \$453,100 (including financed Funding Fee) are considered high balance and must meet high balance guidelines.
 - Non-Borrower spouse may be on title.
 - Must include liabilities of non-borrower spouse in community property states.
 - The pay habits of the non-borrower spouse are reviewed with the same criteria as the borrowers, this may adversely affect the loan decision.

RATE/TERM REFINANCE

- Maximum incidental cash back to borrower = \$500 (principal reductions are not permitted)
- Proceeds may be used to pay off existing first mortgage liens and properly seasoned secondary liens
- When refinancing any loan to a new VA loan, the Note Date of the new loan is the later of:
 - At least 210 days after the first payment is made* on the original loan
 - The date after the 6th monthly payment is made on the original loan

* This is the date the payment is made and not the first payment due date.
- Secondary liens being paid off through the VA refinance must be seasoned at least 12 months and may not have had any draws totaling \$1,000 or more in the most recent 12 months or the transaction will be considered one in which the borrower consolidates non-mortgage debt. However, if the draws used in the last 12 months were used for documented home improvement which can be substantiated by receipts and supported in the appraisal, the transaction will not be considered consolidation of non-mortgage debt.
- New subordinate financing is not permitted.
- Non-borrowing spouse may be on title.
- Must include liabilities of non-borrowing spouse
 - The pay habits of the non-borrowing spouse are reviewed with the same criteria as the borrowers, this may adversely affect the loan decision.

CASH-OUT REFINANCE

- Cash-out funds may be used to pay off non-seasoned secondary liens, other non-mortgage debt, or to put cash in borrower's hand.
- New subordinate financing is not permitted
- There must be a lien of record and the veteran must occupy the property.
- When refinancing any loan to a new VA loan, the Note Date of the new loan is the later of:
 - At least 210 days after the first payment is made* on the original loan
 - The date after the 6th monthly payment is made on the original loan

* This is the date the payment is made and not the first payment due date.
- Minimum 6 months of occupancy – no exceptions. (borrowers relocating into current investment property will not be eligible for a cash out loan)
- Non-borrowing spouse may be on title.
- Must include liabilities of non-borrowing spouse
 - The pay habits of the non-borrowing spouse are reviewed with the same criteria as the borrowers, this may adversely affect the loan decision.
- Manual underwriting not allowed on cash out transactions.



FEES AND CHARGES THE VETERAN-BORROWER CAN PAY

The veteran may pay any or all of the following itemized fees and charges in amounts that are reasonable and customary.

CHARGE	DESCRIPTION
APPRAISAL AND COMPLIANCE INSPECTIONS	<ul style="list-style-type: none"> The veteran can pay the fee of a VA appraiser and VA compliance inspectors. The veteran can also pay for a second appraisal if he or she is requesting reconsideration of value.
CREDIT REPORT	The veteran can pay for the credit report obtained.
FLOOD ZONE DETERMINATION	<p>The veteran can pay the actual amount charged for a determination of whether a property is in a special flood hazard area, if made by a third party who guarantees the accuracy of the determination.</p> <p>The veteran can pay a charge for a life-of-the-loan flood determination service purchased at the time of loan origination.</p> <ul style="list-style-type: none"> A fee may not be charged for a flood zone determination made by LHFS or a VA appraiser.
HAZARD INSURANCE	<ul style="list-style-type: none"> The veteran can pay the required hazard insurance premium. This includes flood insurance, if required.
MORTGAGE ELECTRONIC REGISTRATION SYSTEM (MERS) FEE	<ul style="list-style-type: none"> The veteran may pay a fee for MERS. MERS is a one-time fee for the purpose of electronically tracking the ownership of the beneficial interest in a loan and its servicing rights.
OTHER FEES AUTHORIZED BY VA	<ul style="list-style-type: none"> Additional fees attributable to local variances may be charged to the veteran only if specifically authorized by VA. LHFS may submit a written request to the Regional Loan Center for approval if the fee is normally paid by the borrower in a particular jurisdiction and considered reasonable and customary in the jurisdiction.
PREPAID ITEMS	<ul style="list-style-type: none"> The veteran can pay that portion of taxes, assessments, and similar items for the current year chargeable to the borrower and the initial deposit for the tax and insurance account.
RECORDING FEES	<ul style="list-style-type: none"> The veteran can pay for recording fees and recording taxes or other charges incident to recordation.
REFINANCING ALLOWABLE FEES	<ul style="list-style-type: none"> A maximum of two discount points can be rolled into the loan. <p>If the borrower pays more than two points, the remainder must be paid in cash.</p>
SPECIAL MAILING FEES FOR REFINANCING LOANS	<ul style="list-style-type: none"> For refinancing loans only, the veteran can pay charges for Federal Express, Express Mail, or a similar service when the saved per diem interest cost to the veteran will exceed the cost of the special handling.
SURVEY	<ul style="list-style-type: none"> The veteran can pay a charge for a survey, if required by the LHFS or veteran. Any charge for a survey in connection with a condominium loan must have the prior approval of VA.
TITLE EXAMINATION AND TITLE INSURANCE	<ul style="list-style-type: none"> The veteran may pay a fee for title examination and title insurance, if any. If LHFS decides that an environmental protection lien endorsement to a title policy is needed, the cost of the endorsement may be charged to the veteran.
VA FUNDING FEE	<ul style="list-style-type: none"> Unless exempt, each veteran must pay a Funding Fee to VA.

*** In addition, the borrower may not pay a duplicate fee for services that have already been paid for by another party.*



FEES AND CHARGES THE VETERAN-BORROWER CANNOT PAY

The following items cannot be charged to the veteran:

- Broker Fee
- Real Estate Agent/Brokerage Fees/Commissions—including Short Sale Negotiation/Transaction Coordinator Fees
- Any portion of the seller's lien(s) on short sale purchases (no short sale fees of any kind may be paid by the Veteran)
- Pre-payment penalties financed through the refinance transaction—Veteran MAY pay for this fee out of their own funds only—these fees may NOT be financed
- VA Inspection Fees for builders (Normal new construction inspection fees may be paid for by the Veteran when required by the VA Appraiser)
- Purchases (including REO purchases): Cost of required repairs/inspections must be paid for by the seller. The Veteran is only allowed to pay for MINOR termite damage repairs

NON-ALLOWABLE VETERAN-PAID CLOSING COSTS

(The sum of the non-allowables may not exceed 1% of the base loan amount)

- 3rd Party Fees, regardless of affiliation with the lender
- Assignment Fees
- Attorney Fees
- Commitment Fees or Marketing Fees of Secondary Purchasers
- Escrow Fees
- Fax, Email, Copying, Postage, Stationary, Telephone, or Other Overhead Charges
- Interest Rate Lock-In Fees
- Lender's appraisal (I.E. secondary appraisals for reconsiderations of value)
- Lender's inspections (except for construction loan inspections as required by the appraiser/NOV)
- Loan Closing/Settlement Fees
- Notary Fees
- Tax Service Fees
- Termite Report
- Trustee Fees

****The Non-Allowable Fees that are listed above can ONLY be paid for by the Veteran IF there is NO ORIGINATION FEE CHARGED—AND—the fee(s) is/are NOT listed as one of the fees that the Veteran may never pay, up to a MAXIMUM aggregate of 1% of the purchase price.**



GENERAL REQUIREMENTS	
4506-T REQUIREMENTS	<ul style="list-style-type: none"> A fully complete and signed 4506T for each borrower is required. With the exception of noncredit qualifying VA IRRRL Loans, executed tax transcripts are required for all borrowers. <ul style="list-style-type: none"> See LHFS Tax Transcript Matrix
APPRAISAL / AVM	<ul style="list-style-type: none"> Loan Amounts <= \$650,000: VA Appraisal Required Loan Amounts \$650,001 to \$1,000,000: VA Appraisal Required, plus enhanced desk review Loan Amounts > \$1,000,000: VA Appraisal Required, plus field review by certified appraiser. The NOV is valid for 6 months and FNMA Form 1004MC is required for all appraisals. Any repairs that impact safety, livability, or habitability must be completed. The property condition must be rated "average" or better. Ratings of "fair" or less are not acceptable. <p>DISASTER POLICY:</p> <ul style="list-style-type: none"> A post-disaster inspection will be required when the appraisal occurred before the incident date of the disaster.
BORROWER ELIGIBILITY	<ul style="list-style-type: none"> Veteran is a person who has served on active duty in the Army, Navy, Air Force, Marines or Coast Guard and who (except for service member on active duty) was discharged or released from active duty under conditions other than dishonorable. Must have a clear CAIVRS Must be a veteran with eligibility documented with a Certificate of Eligibility (COE), which also indicates the Veterans Entitlement. Un-remarried surviving spouse of an eligible service member who died as a result of service or service-connected injuries. Non-Veteran Co-borrowers that are not married to the Veteran are limited to 50% of entitlement. Resident Alien permitted as long as primary borrower is a veteran. <p>The following criteria applies:</p> <ul style="list-style-type: none"> Minimum wartime service is 90 days' active duty. Minimum 181 days of continued active duty during peacetime. Members of Reserves of National Guard completing 6 years of service.
CREDIT	<ul style="list-style-type: none"> All borrowers must have valid social security number and a minimum of one valid credit score for AUS UW. Non-Traditional credit allowed for purchase transactions only – conforming loan sizes. No credit scores allowed. If the subject property is located in a community property state and the borrower has a non-purchasing spouse, a credit report for the non-purchasing spouse must also be ordered. Cannot be delinquent on any Federal Debt unless the delinquent account has been brought current or a satisfactory arrangement has been made Borrowers must have a clear CAIVRS rating. LOE required for all credit inquiries for the past 120 days All inquiries made within the last 90 days must be included on the report. Full tri-merged credit report is required for all transactions. Collection/Charge off – aggregate balance of \$1,000 or greater must be paid at closing- excluding medical.



GENERAL REQUIREMENTS (CONTINUED)			
CREDIT (CONTINUED)	<ul style="list-style-type: none"> Student Loans (See Calculating a Student Loan Monthly Payment): <ul style="list-style-type: none"> If student loan repayments are scheduled to begin within 12 months of the date of VA loan closing, LHFS will consider the anticipated monthly obligation in the loan analysis. If the borrower is able to provide evidence that the debt may be deferred for a period outside that timeframe, the debt need not be considered in the analysis. If a student loan is in repayment or scheduled to begin within 12 months from the date of VA loan closing, the lender must consider the anticipated monthly obligation in the loan analysis and utilize the payment. Housing payment history per AUS. 		
	SEASONING / WAITING PERIOD	< \$700,000	≥ \$700,000
	Foreclosure	2 years	7 years
	Deed-in-Lieu	2 years	7 years
	Chapter 7 Bankruptcy	2 years	7 years
	Chapter 13 Bankruptcy	1 year (must be fully discharged before loan is submitted to underwriting)	7 years
	Short Sale	2 years	7 years
CREDIT – HIGH BALANCE	<ul style="list-style-type: none"> High Balance Loan Amounts over \$453,101 up to \$700,000 <ul style="list-style-type: none"> 2 years elapsed since the discharge of Ch. 7, Ch. 13 Bankruptcy or Deed in Lieu/Short Sales when the borrower was not delinquent at transfer. 3 years elapsed since completion of Foreclosure, Deed in Lieu/Short Sale when the borrower was delinquent at time of transfer Loan Amounts equal to or greater than \$700,000 - No foreclosure, deed in lieu, loan modification or bankruptcy in last 7 years. Waiting period for significant derogatory credit or mortgage late payments is determined by the application date. No housing payment 30 days or more past due in the last 12 months. 		
DEPARTING RESIDENCE	<p>PENDING SALE</p> <ul style="list-style-type: none"> Both the current and proposed mortgage payments must be included in qualifying the Borrower for the new transaction <p>CONVERTING TO 2ND HOME</p> <ul style="list-style-type: none"> Both the current and proposed mortgage payments must be included in qualifying the Borrower for the new transaction <p>CONVERTING TO INVESTMENT PROPERTY</p> <ul style="list-style-type: none"> Rental income earned can only be used to offset the existing mortgage payment. Extra positive cash generated may NOT be used as qualifying income 		
DOCUMENTATION REQUIREMENTS	<ul style="list-style-type: none"> 1003 – Loan Application: <ul style="list-style-type: none"> <u>Credit Qualifying</u>: <ul style="list-style-type: none"> Fully completed loan application is required. <u>Non-Credit Qualifying</u>: <ul style="list-style-type: none"> Fully completed loan application with the exception of: <ul style="list-style-type: none"> Income Section, and Asset Section (unless assets are required for closing) Signed HUD/VA Addendum Nearest Living Relative Completed Veteran's Acknowledgement form VA Case Number Assignment Completed Loan Comparison Worksheet 		



GENERAL REQUIREMENTS (CONTINUED)	
ELIGIBLE PROPERTY TYPES	<ul style="list-style-type: none"> • SFR, PUD, 2-4 Units, Manufactured (Conforming Only – Please see VA Manufactured Guidelines) Condos VA Approved. The approval condo list is available at https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch • Condominium/PUD Insurance Requirements Interior Walls (HO-6) Requirements • Loans that are in attached projects (including 2-4 unit projects) require coverage for 100 percent of the insurable value for the complete project (interior and exterior units). The walls in policy must be sufficient to repair the interior of the unit, including any additions, improvements and betterments to its original condition in the event of a loss. If the HOA Master Policy does not provide coverage for the interiors of the project units, a policy covering the interior walls (HO-6 or its equivalent) for the individual unit is required. • 2-4 Unit Condominium Insurance Requirements • HOA insurance is required for 2-4 Unit Projects. Should exterior damage occur, the individual unit coverage may not be sufficient to cover the claims, therefore, individual homeowner's insurance will not be accepted in lieu of an insurance policy in the name of the HOA.
ENTITLEMENT	<ul style="list-style-type: none"> • Entitlement is the amount of VA Guaranty available to a Veteran for use on a loan. The amount of entitlement will be displayed near the center of the COE. Veterans with partial entitlement are allowed provided the loan conforms to GNMA secondary market guidelines which include the minimum 25% coverage requirement. Coverage is a combination of VA provided entitlement plus cash down payment/equity. Compromised Entitlement is acceptable as long as the event that caused the compromise occurred more than three years prior to the date of the application The COE will never reflect any additional specific entitlement amount over \$36,000 for loans greater than \$144,000, but will reflect "Available**"
ESCROW / IMPOUND ACCOUNT	<ul style="list-style-type: none"> • Required for all VA transactions regardless of Loan to Value.
FUNDING FEE	<p>The Funding Fee may be financed in the loan. The following Veterans are exempt from paying the Funding Fee:</p> <ul style="list-style-type: none"> • Veterans receiving VA compensation for service connected disabilities • Veterans who would be entitled to receive compensation for service connected disabilities if they did not receive retirement pay • Veterans who are rated by VA as eligible to receive compensation as a result of pre-discharge disability exam and rating • Veterans entitled to receive compensation, but who are not presently in receipt of the compensation because they are on active duty • Surviving spouses of veterans who died in service or from service-connected disabilities, whether or not such surviving spouses are veterans with their own entitlement and whether or not they are using their own entitlement on the loan.
INELIGIBLE PROPERTY TYPES	<ul style="list-style-type: none"> • Non-warrantable Condo/PUD/Townhouse • Timeshare • Working Farm • Mixed Use • Cooperative • Condo/PUD Hotel • Commercial Property • Life Estates
INELIGIBLE STATES	<ul style="list-style-type: none"> • Texas 50(a)(6) is not permitted



GENERAL REQUIREMENTS (CONTINUED)	
JOINT LOANS (DUAL ENTITLEMENT) (MUST BE SUBMITTED TO VA FOR PRIOR APPROVAL – ALLOW 10 BUSINESS DAYS EXTRA TO UNDERWRITING TURN TIME)	<p>A joint loan refers to a loan made to a veteran and another person(s). All parties will be liable, and all will own the property. A joint loan is a loan made to:</p> <ul style="list-style-type: none"> • A veteran and one or more non-veterans (other than the spouse). • A veteran and one or more veterans (not including a spouse) who will not be using entitlement. • A veteran and the veteran's spouse, who is also a veteran, where both entitlements will be used. • A veteran and one or more other veterans (not including a spouse), all of whom will use their entitlement.
LOAN AMOUNT	<ul style="list-style-type: none"> • Loan amount is based on the lower of the appraised value or purchase price plus Funding Fee, if financed. VA loan limits are available at http://benefits.va.gov/homeloans/purchaseco_loan_limits.asp. • When the loan amount exceeds the conforming loan limit of \$453,100 or the maximum loan amount for properties located in high cost counties identified by VA, the amount of the borrower's VA entitlement or the entitlement plus down payment or borrower equity must equal <ul style="list-style-type: none"> • 25% of the purchase price or the appraised value, whichever is lower, OR • In accordance with Chapter 3, 4-a of the VA Lender's Handbook, which states, "the percentage and amount of guaranty is based on the loan amount including the Funding Fee portion when the fee is paid from loan proceeds". • Either guaranty calculation will be acceptable for all VA purchase, new construction and non-IRRRL refinance transactions delivered to FMC for purchase consideration • The maximum loan amount limits below are base loan amounts and do not include the financed VA Funding Fee: <ul style="list-style-type: none"> • Fannie Mae 1 unit conforming loan limit of \$453,100, or • Maximum VA county loan amount for VA High Cost Counties.
MORTGAGE PAYMENT HISTORY	<ul style="list-style-type: none"> • Loan must be current at the time of closing/Note date and have no 30-day or greater mortgage late payments in the most recent 12 months.
OCCUPANCY	<ul style="list-style-type: none"> • Owner occupied primary residences only. • If buyer is active duty the spouse may certify occupancy. • No non occupying borrowers.
POWER OF ATTORNEY	<ul style="list-style-type: none"> • All POA's must be reviewed and approved prior to loan documents. If Veteran is currently deployed, an alive and well statement from their commanding officer will be required.
PREPAYMENT PENALTY	<ul style="list-style-type: none"> • Not permitted
PURCHASE / SALES CONTRACT	<ul style="list-style-type: none"> • Gift donors cannot be on title or purchase contract • Re-negotiated purchase agreements that increase the sales price after the original appraisal has been completed will not be accepted if: <ul style="list-style-type: none"> • The appraised value is higher than the contracted sales price provided to the appraiser, and • The new purchase agreement and/or addendum used to modify the sales price is dated after the appraisal is received, and • The only change to the purchase agreement is an increase in sales price. • If the purchase agreement is re-negotiated subsequent to the completion of the appraisal, the loan-to-value will be based on the lower of the original purchase price or the appraised value, unless: <ul style="list-style-type: none"> • Re-negotiation of only seller paid closing costs and/or pre-pays when seller paid closing costs/pre-pays are common and customary for the market and supported by the comparables. These seller-paid closing costs and/or pre-pays cannot exceed the allowable guidelines, or • An amended purchase agreement for new construction property is obtained due to improvements that have been made that impact the tangible value of the property. In the event of such changes, an updated appraisal must be obtained to verify the value of the modifications/changes.



GENERAL REQUIREMENTS (CONTINUED)	
QUALIFYING RATIOS	<ul style="list-style-type: none"> Ratios determined by AUS acceptability. Any allotments reflected on the LES or paystubs must be investigated, to determine if the allotment has an affiliated debt.
REFINANCING REQUIREMENTS	<ul style="list-style-type: none"> Appraisal Required Full credit information and underwriting are always required Can refinance any type of lien The first payment due date of the new Loan cannot occur earlier than 210 days after the first payment due date of the loan being paid off. The borrower must have made at least six consecutive monthly payments on the loan being paid off, beginning with the payment made on the first due date. A cash-out refinancing loan is a VA-guaranteed loan that refinances any type of lien or liens against the secured property The liens to be paid off may be: <ul style="list-style-type: none"> current or delinquent, and from any source, such as tax or judgment liens, or VA, FHA, or conventional mortgages Loan proceeds beyond the amount needed to pay off the lien(s) may be taken as cash by the borrower for any purpose acceptable to LHFS The loan must be secured by a first lien on the property The maximum loan amount is 100 percent of the appraised value, plus the VA Funding Fee Cash proceeds from the loan may be used to pay allowable fees and charges and discount points. The veteran must certify that he or she intends to personally occupy the property as his or her home
RESERVES	<ul style="list-style-type: none"> 1 Unit: No reserves are required 2-4 Units & rental income IS USED to qualify: 6 months PITIA reserves required. Other rental properties not secured by VA loan: 3 months PITIA required for each additional property <p>The applicant or spouse must have sufficient cash to cover:</p> <ul style="list-style-type: none"> any closing costs or points which are the applicant's responsibility and are not financed in the loan, the down payment, if a GPM, and the difference between the sales price and the loan amount, if the sales price exceeds the reasonable value established by VA. <p>Source must be documented for any down payment and closing costs the borrower is paying for. All DAPS must be VA approved.</p>
RESIDUAL INCOME	<ul style="list-style-type: none"> Residual Income is the borrower's net effective income minus monthly shelter expenses and debts. Residual Income must be in accordance with regional table and is a required calculation in addition to DTI Please use www.paycheckcity.com for calculation of taxes (i.e. FIT; SIT; etc.). Net Effective Income is taken from Line 41 of VA Form 26-6393 Monthly Shelter Expense is taken from Line 21 of VA Form 26-6393
SECONDARY FINANCING	<ul style="list-style-type: none"> If there is an existing subordinate lien on the property, the entire lien must be subordinated at refinance.
SELLER CONTRIBUTIONS / CONCESSIONS	<ul style="list-style-type: none"> All closing costs and discount points may be paid by the seller, regardless of the amount. All other interested party contributions are limited to 4% of the lesser of the purchase price or appraised value
SUBORDINATE FINANCING	<ul style="list-style-type: none"> Secondary financing must be financed by Government, Agency or non-profit institutions. No new secondary financing allowed for refinance transactions.
UNDERWRITING METHOD	<p>DU or LP Approval - Credit Risk / Ratios determined by AUS acceptability DU or LP refer eligible can be manually underwritten if:</p> <ul style="list-style-type: none"> Manual Underwriting (Conforming Loan Limits, Only) <ul style="list-style-type: none"> Maximum qualifying ratio is 41%. This may be expanded with residual income of 120% or greater of the VA Regional Requirement for the family size – not to exceed 50% 2 months' bank statements Not eligible for cash out transactions



GENERAL REQUIREMENTS (CONTINUED)	
UNPERMITTED PROPERTY ADDITIONS	<p>Unpermitted Property Additions are eligible under the following conditions:</p> <ul style="list-style-type: none"> • The subject addition complies with all VA guidelines; • The quality of the work is described in the appraisal and deemed acceptable (“workmanlike quality”) by the appraiser; • The addition does not result in a change in the number of units comprising the subject property (e.g. a 1 unit converted into a 2 unit). • If the appraiser gives the unpermitted addition value, the appraiser must be able to demonstrate market acceptance by the use of comparable sales with similar additions and state the following in the appraisal: <ul style="list-style-type: none"> • Non-Permitted additions are typical for the market area and a typical buyer would consider the "unpermitted" additional square footage to be part of the overall square footage of the property. • The appraiser has no reason to believe the addition would not pass inspection for a permit. • Hawaii only requires permits or a waiver is required.
VERBAL VERIFICATION OF EMPLOYMENT (VOE)	<ul style="list-style-type: none"> • For non-credit qualifying refinances, at least one borrower must be employed at time of closing. If a VOE cannot be obtained, alternative income documentation is acceptable to support a borrower who has an active source of income, such as: <ul style="list-style-type: none"> • SSA Award Letter / Pension Letter • 1099 or Tax Returns for other types of income • Divorce Decree or Child Support Statement • A Verbal Verification of Employment (VVOE) is required on VA loans prior to closing. A verbal verification of employment is required for all borrowers. This policy applies to all income types with the exception of passive income. • For salaried borrowers, the verbal verification of employment must be completed within 10 days prior to note date. • For self-employed borrowers, the verbal verification of employment must be completed within 30 days prior to note date. • For military income, a military Leave and Earnings Statement dated within 30 days prior to note date is acceptable in lieu of a verbal verification of employment.

Each loan files layers of risk (i.e., payment shock; gift funds; assets/reserves not verified; multiple layers of risk, etc.) may require additional documentation or explanations above and beyond the AUS requirements (i.e., rental history; budget letters; excessive commute detail, etc.).

VA FUNDING FEE TABLE

LHFS LOAN TYPE	VETERAN	RESERVES / NATIONAL GUARD
PURCHASE – ZERO DOWN	2.15%	2.40%
SUBSEQUENT USE – ZERO DOWN	3.30%	3.30%
PURCHASE & SUBSEQUENT USE 5% DOWN	1.50%	1.75%
PURCHASE & SUBSEQUENT USE 10% DOWN	1.25%	1.50%
REFINANCE LOAN	2.15%	2.40%
REFINANCE LOAN – SUBSEQUENT USE	3.30%	3.30%



RESIDUAL INCOME REQUIREMENTS

TABLE OF RESIDUAL INCOMES BY REGION FOR LOAN AMOUNTS OF \$79,999 AND BELOW				
FAMILY SIZE	NORTHEAST	MIDWEST	SOUTH	WEST
1	\$390	\$382	\$382	\$425
2	\$654	\$641	\$641	\$713
3	\$788	\$772	\$772	\$859
4	\$888	\$868	\$868	\$967
5	\$921	\$902	\$902	\$1,004
Over 5	Add \$75 for each additional member up to a family of 7			

TABLE OF RESIDUAL INCOMES BY REGION FOR LOAN AMOUNTS OF \$80,000 AND ABOVE				
FAMILY SIZE	NORTHEAST	MIDWEST	SOUTH	WEST
1	\$450	\$441	\$441	\$491
2	\$755	\$738	\$738	\$823
3	\$909	\$889	\$889	\$990
4	\$1,025	\$1,003	\$1,003	\$1,117
5	\$1,062	\$1,039	\$1,039	\$1,158
Over 5	Add \$80 for each additional member up to a family of 7			

ENTITLEMENT – MAXIMUM GUARANTY

THE MAXIMUM GUARANTY, WHEN THE VETERAN HAS FULL ENTITLEMENT, IS SHOWN IN THE TABLE BELOW	
LOAN AMOUNT	MAXIMUM POTENTIAL GUARANTY
Up to \$45,000	50% of the loan amount
\$45,001 to \$56,250	\$22,500
\$56,251 to \$144,000	40% of the loan amount, with a maximum of \$36,000
\$144,001 to 453,100	25% of the loan amount
Greater than \$453,100	The lesser of 25% of the VA County loan limit; or 25% of the loan amount
Note: The percentage and amount of guaranty is based on the loan amount including the Funding Fee portion when the fee is paid from loan proceeds.	

CLICK HERE FOR: [VA GUARANTY CALCULATION EXAMPLES](#)



ENTITLEMENT CODES

VA ENTITLEMENT CODES	
ENTITLEMENT CODE	SEPARATION, EFFECTIVE, OR HONORABLE DISCHARGE ERA
01	World War II
02	Korean War
03	Post-Korean War
04	Vietnam War
05	Entitlement Restored
06	Un-remarried Surviving Spouse
07	Spouse of POW/MIA
08	Post World War II
09	Post-Vietnam
10	Gulf War
11	Selected Reserves

DATES THAT CORRESPOND TO THE ABOVE ERAS

ERA	DATES	MINIMUM SERVICE*
WWII	09/16/40 – 07/25/47	90 continuous days
PEACETIME	07/26/47 – 06/26/50	181 days
KOREAN	06/27/50 – 01/31/55	90 days
POST-KOREAN	02/01/55 – 08/04/64	181 days
VIETNAM	08/05/64 – 05/07/75	90 days
POST-VIETNAM	05/08/75 – 09/07/80	181 days
POST-VIETNAM	09/08/80 – 08/01/90	2 years
PERSIAN GULF	8/2/90 – undetermined	2 years or period called to active duty, not less than 90 days

***Veterans discharged due to a service-connected disability may be eligible for a VA home loan even though they served less than the minimum service requirement.**

ADDITIONAL ELIGIBILITY OPTIONS

VA ENTITLEMENT CODES	
ENTITLEMENT CODE	SEPARATION, EFFECTIVE, OR HONORABLE DISCHARGE ERA
Active Duty (Valid while on Duty)	90 continuous days (181 days in peacetime)
Active Reserve or National Guard	6 years in Selected Reserves
Unmarried Surviving Spouse	No time requirement
Spouse of POW / MIA	Veteran has been POW/MIA for 90 days



CALCULATING A STUDENT LOAN MONTHLY PAYMENT

- If the Veteran or other borrower provides written evidence that the student loan debt will be deferred at least 12 months beyond the date of closing, a monthly payment does not need to be considered.
-
- If a student loan is in repayment or scheduled to begin within 12 months from the date of VA loan closing, LHFS will consider the anticipated monthly obligation in the loan analysis and utilize the payment established in paragraph (1) or (2) below.
 -
 - Calculate each loan at a rate of 5 percent of the outstanding balance divided by 12 months.
 - Example:
 - \$25,000 student loan balance x 5% = \$1,250 divided by 12 months = \$104.17 per month is the monthly payment for debt ratio purposes.
 -
 - 1. LHFS will use the payment(s) reported on the credit report for each student loan(s) if the reported payment is greater than the threshold payment calculation above.
 -
 - 2. If the payment reported on the credit report is less than the threshold payment calculation above, the loan file must contain a statement from the student loan servicer that reflects the actual loan terms and payment information for each student loan(s). The statement(s) must be dated within 60 days of VA loan closing and maybe an electronic copy from the student loan servicer's website or a printed statement provided by the student loan servicer.

